

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the Matter of Application of Kerman
Telephone Co. (U1012C) d/b/a Sebastian,
to Review Intrastate Rates and Charges and
Rate of Return for Telephone Service
Furnished within the State of California,
and to Modify Selected Rates.

Application 11-12-011
(Filed December 28, 2011)

**NOTICE OF EX PARTE COMMUNICATION
BY THE OFFICE OF RATEPAYER ADVOCATES**

The Office of Ratepayer Advocates (ORA) submits this Notice of Ex Parte Communication pursuant to Rule 8.4 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure.

On May 2, 2016, ORA (Richard Rauschmeier, Program and Project Supervisor, Cheryl Cox, Policy Advisor, and Travis Foss, staff counsel) met with John Reynolds, advisor to Commissioner Peterman. The meeting took place at the California Public Utilities Commission (CPUC), 505 Van Ness Avenue, San Francisco, California 94102. ORA initiated the meeting, which lasted from approximately 1:30 p.m. to 2:00 p.m.

ORA requested the meeting in order to clarify its recommendations in this proceeding. Mr. Rauschmeier provided background on the events that contributed to the extended length of the proceeding including the Commission's rejection of an earlier submitted all party settlement. Mr. Rauschmeier also commented on the apparent coincidental nature of the interim rate increases, which ORA did not oppose, roughly approximating the increase that had been presented in the rejected settlement.

In addition to presenting the schedule of events in the proceeding thus far, Mr. Rauschmeier also referenced the Proposed Decision's limited and tenuous evidentiary support for adding an additional "size premium" to arrive at Kerman's authorized return on equity for ratemaking purposes.

Mr. Foss gave examples of the tangle of Kerman's affiliated business interests and the importance of the Proposed Decision's application of established affiliate rules. Mr. Foss also commented on how the Proposed Decision correctly applies the FCC's Corporate Expense Cap

to limit Kerman's recovery of excessive and unnecessary expenses from the California High Cost Fund.

No documents were provided. The meeting concluded with Mr. Rauschmeier, Mr. Foss, and Ms. Cox thanking Mr. Reynolds for his time and offering to answer any questions that he may have.

Respectfully submitted,

/s/ TRAVIS T. FOSS

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May 4, 2016